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Federated
WORLD-CLASS INVESTMENT MANAGER®

November 6, 2013

Ms. Elizabeth M. Murphy, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

Re: Money Market Fund Reform; Amendments to Form PF, File Number S7-03-13 —Comments Regarding Penny Rounding Alternative

Dear Ms. Murphy:

This letter supplements our comment letters regarding the Securities and Exchange Commission's release proposing Money Market Fund Reform [and] Amendments to Form PF (the "Release"),[1] and relates to a money market fund reform alternative that we discussed with the staff of the Securities and Exchange Commission (the "Commission") on October 29, 2013. During our meeting, we provided an overview regarding the following proposal made in a previous comment letter:[2] "The Commission could address [problems inherent in the penny rounding method] by permitting stable NAV MMFs to rely on the prior day's share price, derived using market-based factors and penny rounding, to transact throughout the subsequent business day, absent action by the board." At the meeting, we undertook to file a comment letter discussing our proposal.

Federated Investors, Inc. ("Federated") was among the first MMF managers to obtain an exemptive order permitting use of the amortized cost method to maintain a stable net asset value per share (a stable "NAV"). As noted in the Amortized Cost Comment Letter, Federated continues to believe that the amortized cost method of valuation is a fair, accurate and efficient means of valuing money market fund portfolio securities. We have never used the penny rounding method for our MMFs,[3] and are not aware of any MMF that currently uses this method of main-

[1] Investment Company Act Release No. 30551, 78 Fed. Reg. 36834 (June 19, 2013).

[2] Comment letter to the Commission from John D. Hawke, Jr., Arnold and Porter, LLP, on behalf of Federated Investors, Inc. (Sept. 16, 2013), http://www.sec.gov/comments/s7-03-13/s70313-147.pdf (the "Amortized Cost Comment Letter").

[3] The Release seems to imply that MMFs use the amortized cost and penny rounding method in combination. *See, e.g.*, Release at 36855 ("today virtually all money market funds use both amortized cost valuation and penny rounding pricing together to maintain a stable value ….") However, since the adoption of Rule 2a-7, the Commission has recognized the rounding convention as part of the amortized cost method itself. *Valuation of Debt Instruments and Computation of Current Price per Share by Certain Open-End Investment Companies (Money Market Funds)*, Investment Company Act Release No. 13380 48 Fed. Reg. 32555, 32557 (Jul 11, 1983) ("[T]he Commission has determined that it is appropriate to permit funds using the amortized cost valuation method to round to the extent permitted to funds opting to use the penny-rounding method, i.e., the deviation between the price per share and the market based net asset value per share may not exceed 1/2 of 1 percent.")

taining a stable share price. We are aware that there are some in the regulatory community that oppose continued use of amortized cost in connection with money market fund; therefore, we have analyzed the steps required to convert our MMFs' operations to the penny rounding method. This letter develops an alternative means of penny rounding that preserves the benefits of the amortized cost method for MMF shareholders while addressing the concerns (which we still consider unsubstantiated) of those who insist that MMFs must base their share price on a current estimate of their portfolios' market values. We would reassert that all MMFs, not just government or so-called "retail" funds, should be permitted to attempt to maintain a stable NAV using this penny rounding method, if the amortized cost method were no longer permitted.

1. SUMMARY OF PROPOSAL

Federated's proposal is similar to the "stability band" recommended by Capital Advisors Group.[4] MMFs would calculate their NAV each day in the same manner as other mutual funds, except that the NAV would be calculated to the nearest basis point (an "unrounded NAV"). MMFs would disclose their unrounded NAV on their websites, as currently proposed.[5] The NAV would be rounded to the nearest cent per share, however, for purposes of shareholder transactions. Thus, a $1 share price would remain stable so long as the unrounded NAV remained between $0.9950 and $1.0049.

Capital Advisors Group did not address the operational aspects of the penny rounding method in its comments. Operationally, Federated believes that it is critical that the penny rounding method not require repeated attempts to estimate whether a MMF's portfolio has experienced minute fluctuations in value during the course of a day. We believe it should be sufficient for a MMF to calculate an unrounded NAV once each business day, and that a MMF should be permitted to continue to use the resulting portfolio valuation for any interim NAV calculations. For example, if a MMF calculates its unrounded shadow NAV as of 3 p.m. each business day, and also calculates its NAV as of noon of each business day for purposes of paying same-day redemptions, the MMF should be permitted to use the estimated portfolio value determined as of 3 p.m. on the prior day for the noon calculation.

A MMF should not be permitted to rely on an earlier portfolio valuation if there was an intervening significant market event that materially affected the portfolio's estimated value. As Rule 2a-7 already requires MMFs to monitor general market conditions for purposes of determining an appropriate weighted average maturity and to monitor the minimum credit risk of all portfolio holdings, MMFs should already have procedures for identifying such significant events. To return to the example of a MMF with a noon valuation, if the issuer of securities held in the portfolio unexpectedly filed for bankruptcy after 3 p.m. the previous day, the MMF would have to update its estimates of the fair values of portfolio securities issued by that company for purposes of its noon calculation.

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[4] Comment Letter to the Commission from Lance Pan, CFA, Director of Investment Research and Strategy, Capital Advisors Group, (Sep. 3, 2013), http://www.sec.gov/comments/s7-03-13/s70313-81.pdf.

[5] *See*, proposed Rule 2a-7(h)(10)(iii).

Finally, to protect shareholders from material dilution or other unfair results that might occur even though an unrounded NAV has not fallen below $0.9950, Federated recommends the Commission incorporate into the penny rounding method certain responsibilities for a MMF's board of directors or trustees (a fund's "Board") currently only required under the amortized cost method. These would include the responsibilities to (a) adopt written supervisory procedures, which should include procedures for responding to significant events, (b) monitor the deviation between the unrounded NAV and the stable $1 share price and (c) take action if necessary to prevent such a deviation from resulting in material dilution or other unfair results to investors and existing shareholders.

2. OPERATIONAL LIMITATIONS OF THE PENNY ROUNDING METHOD

Federated's Amortized Cost Comment Letter discusses some of the operational problems created by the penny rounding method.

> We have spent considerable time discussing these issues with the portfolio accountant for a number of Federated MMFs and the independent pricing service retained by the portfolio accountant to determine (1) the time it takes the pricing service to value the individual assets in a MMF portfolio (many of which the Commission acknowledges, do not actively trade and, therefore, do not have market prices, and therefore must be individually valued based upon comparisons to other assets and their location on the relevant curves and other aspects of a pricing matrix) and (2) the time thereafter for the MMF portfolio accountant to review and validate the valuations received and to calculate an NAV for the MMF (based on the valuations of individual assets provided, valuations of newly purchased assets that must be obtained, expenses and income of the fund, number of shares outstanding, and other factors) on a basis other than amortized cost, and (3) the time for senior personnel of the MMF to conduct their own review of the valuations and calculations. At this time, it appears that it will take a minimum of three to four hours to strike a "market-based" price (assuming there are no technology disruptions), based on a given portfolio – a price that varies, if at all, within a narrow range of hundredths of a penny per share.[6]

In contrast, a MMF using the amortized cost method does not require a pricing service to calculate its NAV for purposes of transacting in MMF shares. The amortized cost of each portfolio security can be determined at any point during the day and is included in the same accounting records as the fund's other assets and liabilities. This also eliminates the need to apply quality control processes to assure the integrity of a pricing service's data feed. As a result, a MMF can calculate its NAV using the amortized cost method in less than an hour, as compared to three or four hours for a MMF using the penny rounding method.

The dependence on pricing services and the additional time required to calculate a penny rounded NAV has important operational implications. The penny round method seriously delays the settlement of shareholder transactions in two ways. First, settlements must be delayed until

[6] Amortized Cost Comment Letter at 7-8.

the MMF can obtain a price data feed for its portfolio securities from a pricing service. Second, settlement must be further delayed while the data is reviewed, validated and fed into the accounting system used to calculate the NAV. Currently, pricing services only transmit price data feeds after 4 p.m. Eastern Time, which would leave a MMF less than two hours to complete the penny rounding method before the close of the FedWire. This is why commenters expressed concern as to whether MMFs could continue to offer same-day settlement using the penny rounding method.[7]

Delaying settlements increases risk to the payment system.[8] Assuming that MMFs continue to try to offer same-day settlements of redemptions, they would have to complete all of their wire transfers during the last half-hour that the FedWire is open. This could overtax the capacity of the FedWire, resulting in payment failures not only by the MMFs but also by others trying to wire money at the end of the day. It would also require recipients of the wire transfers to change their workflows to accommodate receiving a larger number of wires at the end of the day. There is an additional risk that a failure to transmit a price data feed or transmission of an erroneous feed would prevent MMFs from completing the penny rounding method before the FedWire closes. Regardless of the reason, the failure of MMF shareholders to receive expected wire transfers may prevent shareholders from meeting their payment obligations, creating a cascade of failures and overdrafts in the payment system.

One pricing service has indicated that, if given enough time, it could modify its workflows to provide price data feeds to MMFs at multiple times during the day.[9] The Commission should understand that the generation of a price data feed is the product of a multi-hour process.[10] Typically, when valuing fixed income securities (including money market instruments), the pricing service spends the morning of each trading day collecting and updating market information for input into its valuation models. The pricing service assesses this information early in the afternoon and adjusts its model yield curves for various issuers and market sectors. After these adjustments have been made, the pricing service runs its pricing models to generate the price data feed, and then quality checks the result. While Federated appreciates that changes

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[7] *E.g.*, Comment letter to the Commission from Timothy W. Cameron, Managing Director, SIFMA Asset Management Group; John Maurello, Managing Director, SIFMA Private Client Group; and Matthew J. Nevins, Managing Director and Associate General Counsel, SIFMA Asset Management Group (Sept. 17, 2013), http://www.sec.gov/comments/s7-03-13/s70313-199.pdf; and comment letter to the Commission from Robert A. Santella, President & Chief Executive Officer, Sungard Institutional Brokerage Inc. (Sept. 13, 2013), http://www.sec.gov/comments/s7-03-13/s70313-125.pdf.

[8] *See*, Comment letter to the Commission from R. Bruce Alderman II, President & CEO, Chapin Davis Inc. (Aug. 28, 2013), http://www.sec.gov/comments/s7-03-13/s70313-82.pdf; and Comment letter to the Commission from Stephen C. Hooley, Chief Executive Officer and President, DST Systems, Inc., Kansas City, Missouri (Sept. 18, 2013), http://www.sec.gov/comments/s7-03-13/s70313-241.pdf.

[9] Comment letter to the Commission from Mark Hepsworth, President, Interactive Data Pricing and Reference Data, (Sep. 17, 2013), http://www.sec.gov/comments/s7-03-13/s70313-168.pdf.

[10] Although a MMF's manager could estimate the value of portfolio securities internally, using its own pricing models or matrices, this would probably not reduce the time required to update price estimates. The manager's personnel would have to gather the same general market information as pricing services use and then process new valuations for, in Federated's case, thousands of securities. This would also substantially increase the cost of generating price estimates, as the manager would not enjoy the same economies of scale as the pricing services.

in workflows may streamline this process, a pricing service cannot compress the timeframe without (a) reducing the market information input into the models, (b) reducing the time for assessing and evaluating the information and/or (c) reducing the time spent on quality control. Most importantly, in the absence of some intervening significant market event, the prices estimated early in the day are unlikely to differ materially (if at all) from the prices estimated at the end of the previous day.

Using multiple price data feeds throughout the day to calculate an NAV will also increase a MMF's expenses. Although MMFs using the amortized cost method must also obtain price data feeds in order to calculate their "shadow price" ("the current net asset value per share calculated using available market quotations or an appropriate substitute that reflects current market conditions"), they would need to calculate their shadow price only once a day. The cost of calculating an NAV using the amortized cost method is nominal, so MMF using this method can have multiple pricing times at little expense. In contrast, a MMF using the penny rounding method would have to pay for as many pricing feeds as it has pricing times, multiplying the cost of pricing its shares. Moreover, a MMF is likely to have to pay a higher price for the additional feeds. The pricing service acknowledged in its comment letter that providing multiple price data feeds throughout the day "will require certain investments to evolve our capabilities and underlying systems." It will also require more personnel and overhead. It would be logical to expect pricing services to charge more for these additional feeds in order to recoup their investments and marginal costs. Therefore, converting to the penny rounding method will increase MMF expenses by requiring funds to pay a higher price for more price data feeds. It also will greatly increase the cost of fund accounting services, which will require extensive modifications to support multiple daily pricing.[11]

3. MODIFICATIONS TO THE PENNY ROUNDING METHOD THAT WOULD REDUCE DELAYS AND RISKS

The delays and risks inherent in the penny rounding method arise from the need to obtain and process price data feeds each time a MMF calculates its NAV. Many of these problems could be avoided if a MMF had to calculate its NAV for purposes of penny rounding only once each business day. If the Commission permitted a MMF to continue to use, in the absence of any significant market events, the same portfolio value for purposes of penny rounding until its portfolio is revalued at the end of the day, then MMFs could settle transactions throughout the day without additional risk and expense.

The pricing of securities traded outside the United States provides precedent for this approach to calculating a daily NAV. Securities markets in Asia and Europe close hours before the close of the New York Stock Exchange, which is the time as of which most mutual funds calculated their NAVs. In fact, markets in the Far East (Japan, Hong Kong and Singapore, for example) close hours before trading in the United States even begins. The Commission nevertheless allows mutual funds, when calculating their NAVs, to value securities traded primarily in

[11] Comment letter to the Commission from Stefan M. Gavell, Executive Vice President and Head of Regulatory, Industry and Government Affairs, State Street Corporation, App'x A (responding to the Commission's Question 133) (Sept. 17, 2013), http://www.sec.gov/comments/s7-03-13/s70313-176.pdf.

a foreign market at their closing price in that market, provided the fund fair values any foreign traded securities affected by "significant events" that have occurred between the close of their foreign market and the close of the New York Stock Exchange.

An April 30, 2001, letter from the Commission's staff to the Investment Company Institute explains the basis for this practice.[12] After noting the Commission's position that "if the foreign exchange on which a portfolio security is principally traded is closed at the time a fund computes its current net asset value, then the fund may use the previous closing price on the foreign exchange to calculate the value of that security,"[13] the staff advised:

> If the fund determines that a significant event has occurred since the closing of the foreign exchange or market, but before the fund's NAV calculation, then the closing price for that security would not be considered a "readily available" market quotation, and the fund must value the security pursuant to a fair value pricing methodology.[14]

The staff further noted:

> A determination that market quotations are no longer "readily available" would not preclude a fund's board from concluding that the most recent closing market prices represent fair value. The most recent closing market prices generally should be considered, along with other appropriate factors, when determining the fair value of securities for which current market quotations are not readily available.[15]
>
> The staff's letter also provided guidance on what qualifies as a "significant event:"
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> Whether a particular event is a significant event depends on whether the event will affect the value of a fund's portfolio securities. Such events may relate to a single issuer or to an entire market sector. Moreover, significant fluctuations in domestic or foreign markets may constitute a significant event. Significant events also may stem from occurrences not tied directly to the securities markets, such as natural disasters, armed conflicts, or significant governmental actions.[16]

A similar approach to valuation would make sense for MMFs using the penny rounding method. If a MMF obtained a pricing service data feed estimating the current market value of its portfolio securities as of 3 p.m. each day, the MMF could continue to use these estimated values until 3 p.m. on the following day, provided the fund would have procedures to "continuously monitor for events that might necessitate the use of [other price estimates]."[17] If a significant

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[12] Investment Co. Inst., SEC Interpretive Letter, WSB File No. 0430200107 (Apr. 30, 2001).

[13] *Id*. at 3, n. 10 (*citing* Investment Company Act Release No. 14244 at n. 7).

[14] *Id*. at 3.

[15] *Id*. at n. 9.

[16] *Id*. at 4 [Footnote omitted.]

[17] *Id*. at 3.

event (as described in the staff's letter) occurs, the fund would have to obtain another estimated value (from either the pricing service or using another valuation methodology). For example, if a company whose security is held in the portfolio unexpectedly announces that it has filed for bankruptcy after 3 p.m., MMFs would have to revalue the company's securities to reflect the bankruptcy for its next pricing,[18] and, if the Federal Reserve announced an unexpected significant change in monetary policy after 3 p.m., MMFs would likely have to review the impact of the change on the value of all of their portfolio securities.[19]

The risks of using the immediately preceding day's valuation for money market instruments are much lower than for securities traded in foreign markets. "Eligible securities" as defined by Rule 2a-7 are far less volatile than securities (particularly equity securities) traded primarily in foreign markets. As more fully explained the Amortized Cost Comment Letter, changes in the estimated values of money market instruments from day-to-day are miniscule and may represent "noise" from the valuation methodology rather than actual changes in market value. Unless a significant event occurs, changes in the estimated values of these instruments during the course of a day would be even less significant and more speculative.

Using the last estimated value of money market instruments can be likened to using a foreign security's last closing price as its fair value. If an earlier valuation reflects all material information currently available to the market—in other words, if there have not been any significant events—MMF directors or trustees may conclude in good faith that the fair value of the security has not changed. Obtaining an updated price data feed in this circumstance will only confirm what is already known (that the MMF's penny-rounded NAV is still $1), but at considerable expense and delay.

This approach would allow MMFs to calculate a penny-rounded NAV without obtaining a new price data feed every time the NAV is calculated. MMFs could therefore calculate penny-rounded NAVs multiple times a day at nominal expense and send wire transfers throughout the day. A MMF could also remain open later in the day, when price data feeds are not available. (Currently, the latest estimates offered by pricing services is as of 4 p.m. Eastern Time.) By requiring updated price estimates only once a day or following a significant event, the penny rounding method would become "an equal method of achieving price stability in money market funds" when compared to the amortized cost method.

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[18] Following an event of insolvency, Rule 2a-7(c)(7)(ii) requires a MMF to "dispose of such security as soon as practicable consistent with achieving an orderly disposition of the security, …, absent a finding by the board of directors that disposal of the portfolio security would not be in the best interests of the money market fund." If the MMF disposes of the security, it can use the sale price to determine its portfolio value. If, on the other hand, the Board finds that disposal of the security is not in the best interest of the MMF, the Board can also determine the fair value of the security.

[19] In this circumstance, any valuation committee established by the board of directors is likely to determine the adjusted values of the securities. It would be helpful if, in providing guidance on the penny rounding process, the Commission acknowledged that a Board could delegate to a valuation committee authority to change the pricing times established under Rule 22c-1(d) in such circumstances. This might allow a valuation committee to delay pricing shareholder orders until updated price estimates are available from a pricing service.

4. DIFFERENCES BETWEEN THE AMORTIZED COST AND PENNY ROUNDING METHODS UNDER RULE 2A-7

One concern with this approach to penny rounding would be when a MMF's unrounded NAV was close to the rounding point, i.e., approaching $0.9950 or $1.0049. In this circumstance, a fluctuation of a few basis points in the unrounded NAV could result in a share price of 99 cents or $1.01. Federated remains skeptical that the current market value of money market instruments can be estimated with this degree of accuracy, but the concern raises a more important point. Under the requirements of Rule 2a-7, it is unlikely that a MMF could operate under the amortized cost method with such a large deviation between its shadow price and amortized cost NAV without consideration by its Board of the potential dilutive or other adverse effects on investors in the MMF. Rule 2a-7 does not currently require comparable procedures for penny rounding MMFs, and the changes proposed in the Release would further curtail the protections for MMF shareholders. Regardless of whether the Commission adopts the penny rounding method proposed in this letter, to protect shareholders from MMFs operating too close to breaking a dollar, the Commission should impose the same requirements on the Boards of penny rounding MMFs as it does on Boards of amortized cost MMFs.

The table attached to this letter compares the responsibilities of the Board for a MMF using the amortized cost method and for a MMF using the penny rounding method. Both methods require a Board finding that maintenance of a stable NAV or price per share is in the best interests of the fund and its shareholders and that the method fairly reflects the MMF's shadow price. Both methods impose additional supervisory responsibilities on the Board to assure that the shadow price does not deviate by more than 50 basis points from the MMF's stable NAV or price per share.

Only a Board using the amortized cost method, however, is required to establish written supervisory procedures. These written procedures must provide for the calculation of the deviation between the fund's shadow price and its stable NAV, which the Board must review periodically. The penny rounding method naturally requires the calculation of an unrounded NAV for purposes of rounding each time the share price is calculated, but Rule 2a-7 does not require the Board to monitor the deviation between the unrounded NAV and the $1 share price.

As a Board using the penny rounding method is not required to monitor the deviation in the unrounded NAV, Rule 2a-7 does not require the Board of a penny rounding MMF to take action if the deviation "may result in material dilution or other unfair results to investors or existing shareholders." This requirement applies only to a Board using the amortized cost method, as does the requirement to determine what action, if any, should be taken if the deviation exceeds 50 basis points. At this level of deviation, a penny rounding fund automatically rounds the share price to the next cent, without review by its Board.

Federated believes that it is important for the Board to monitor any deviation in a MMF's unrounded NAV and to respond whenever the deviation may result in material dilution or other unfair results to shareholders. Therefore, if the Commission decides to require MMFs to use the penny rounding method, it should enhance the Board's oversight responsibilities under the penny rounding method. The proposal made in the Release would do the opposite, insofar as it would remove the currently required Board finding that the penny rounded price fairly reflects the MMF's shadow price.[20] We recommend retaining this requirement, and adding requirements for written procedures, periodic monitoring of the unrounded NAV by the Board and action by the Board when necessary to prevent material dilution or other unfair results to shareholders.

5. CONCLUSION

Some critics of MMFs find it difficult to understand how a money market instrument's amortized cost closely approximates its current market value or how quickly occasional fluctuations from the amortized costs are rectified. Such people may also erroneously believe that estimates provided by pricing services represent the "marked-to-market" value of a MMF's portfolio. While Federated does not accept either of these views, we do not object to using daily price estimates for portfolio securities to calculate a MMF's penny-rounded NAV, so long as this does not impair the benefits of a MMF to its shareholders.

Our Amortized Cost Comment Letter explains how the penny rounding method, as currently employed, would impair the benefits of MMFs by forcing shareholders to wait (possibly until the next business day) for redemption proceeds. Unless modified, use of the penny rounding method would also make MMFs less reliable and create significant risks to the payment system. The costs of additional price data feeds would also make MMFs more expensive and reduce their returns to shareholders.

To preserve the benefits of MMFs under the penny rounding method, it is necessary to reduce the number of price data feeds required to calculate the MMF's unrounded NAV throughout the day. If the Commission required a MMF using the penny rounding method to update its price estimates only (1) once each business day and (2) following a significant market event occurring after the time as of which the previous price estimates were determined, then a penny rounding MMF could operate on much the same basis as an amortized cost MMF. A MMF should need to update the estimated prices only for securities affected by the significant event. This use of earlier valuations would be entirely consistent with existing precedent—specifically, the valuation of securities traded primarily in foreign markets.

This approach would fully disclose to shareholders and the market a MMF's estimated market-based NAV calculated to the nearest basis point, without requiring shareholders to transact at that estimated price. It would make the settlement of shareholder transaction less dependent on the availability of estimated price data feeds from pricing services and would permit multiple settlement times with little incremental cost or operational risk.

Finally, if the Commission requires MMFs to use the penny rounding method in any form, it should amend Rule 2a-7 to require Boards to exercise the same degree of supervision as they do under the amortized cost method. Nothing in the nature of the penny rounding method reduces the need for oversight of deviations of the unrounded NAV from $1.

[20] Compare current Rule 2a-7(c)(1) and proposed Rule 2a-7(c) (Alternative 1) or Rule 2a-7(c)(1) (Alternative 2).

Federated appreciates the opportunity to supplement its comments and the Commission's consideration of our recommendations. Please feel free to contact John McGonigle if you have any questions regarding these comments.

Very truly yours,

/s/ John W. McGonigle
Vice Chairman
Federated Investors, Inc.

<u>Comparison of Board Responsibilities for</u>
<u>Amortized Cost and Penny Rounding Funds</u>

Federated recommends that the last three requirements currently applicable only to money market funds using the amortized cost method should also be required for fund using the penny rounding method.

Rule 2a-7 Requirement	Amortized Cost Method	Penny Rounding Method
It must be in the best interests of the fund and its shareholders to maintain a stable net asset value per share or stable price per share.	✓	✓
The money market fund will continue to use such method only so long as the board of directors believes that it fairly reflects the market-based net asset value per share. [Proposed to be deleted by the Release.]	✓	✓
In supervising the money market fund's operations and delegating special responsibilities involving portfolio management to the money market fund's investment adviser, the money market fund's board of directors, as a particular responsibility within the overall duty of care owed to its shareholders, must establish written procedures reasonably designed, taking into account current market conditions and the money market fund's investment objectives, to stabilize the money market fund's net asset value per share, as computed for the purpose of distribution, redemption and repurchase, at a single value.	✓	
In supervising the money market fund's operations and delegating special responsibilities involving portfolio management to the money market fund's investment adviser, the money market fund's board of directors must undertake, as a particular responsibility within the overall duty of care owed to its shareholders, to assure to the extent reasonably practicable, taking into account current market conditions affecting the money market fund's investment objectives, that the money market fund's price per share as computed for the purpose of distribution, redemption and repurchase, rounded to the nearest one percent, will not deviate from the single price established by the board of directors.		✓

Rule 2a-7 Requirement	Amortized Cost Method	Penny Rounding Method
Written procedures shall provide: (*1*) That the extent of deviation, if any, of the current net asset value per share calculated using available market quotations (or an appropriate substitute that reflects current market conditions) from the money market fund's amortized cost price per share, shall be calculated at such intervals as the board of directors determines appropriate and reasonable in light of current market conditions; (*2*) For the periodic review by the board of directors of the amount of the deviation as well as the methods used to calculate the deviation; and (*3*) For the maintenance of records of the determination of deviation and the board's review thereof.	✓	
In the event such deviation from the money market fund's amortized cost price per share exceeds ½ of 1 percent, the board of directors shall promptly consider what action, if any, should be initiated by the board of directors.	✓	
Where the board of directors believes the extent of any deviation from the money market fund's amortized cost price per share may result in material dilution or other unfair results to investors or existing shareholders, it shall cause the fund to take such action as it deems appropriate to eliminate or reduce to the extent reasonably practicable such dilution or unfair results.	✓	